

Livestock, Dairy, and Poultry Outlook

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Beef Prices Gain Relative to Competing Meats

NOTE: On the evening of July 14, 2005, the Ninth District Court of Appeals lifted the preliminary injunction that blocked implementation of the BSE minimal risk regions rule. Because the ruling is effective immediately, the Department is taking steps to resume the importation of cattle under 30 months of age from Canada. The present forecasts assumed the border would be open August 1. Updated forecasts will be released in the August *World Agricultural Supply and Demand Estimates* on August 12 and the *Livestock, Dairy, and Poultry Outlook* on August 18.

Beef/Cattle: Beef prices have likely set the highs for the turning point of this cattle cycle as beef supplies increase seasonally in the second half of the year and as more beef enters the market from Canada. Combined pork and broiler production are expected to rise about 3 percent over year-earlier levels in the second half of 2005, putting additional pressure on the relatively more expensive beef.

Dairy: Brisk late-spring demand for dairy products not only absorbed a spurt in milk production but generated modest June price increases. However, strong expansion in milk production is expected to persist longer than strong demand. Projected seasonal price increases during the second half are quite muted.

Hogs/Pork: The U.S. pork sector can increase pork production in four ways: They can increase the U.S. breeding herd, increase the breeding herd's productivity, feed hogs to heavier weights, and increase imports of live Canadian swine. In the past, producers relied mostly on increases in breeding herd numbers to increase production.

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Tables will be released on
July 26, 2005.

The next newsletter
release is August 18, 2005

Approved by the World
Agricultural Outlook
Board.

The June *Quarterly Hogs and Pigs* report highlights the current industry practice of smaller changes in breeding herd numbers and larger productivity gains. Heavier slaughter weights and Canadian live imports are also contributing to expected production increases in 2005 and 2006.

Poultry: U.S. broiler meat production was up 4.6 percent in the first quarter of 2005, and the revised estimate for the second quarter is now 8.88 billion pounds. This is 50 million pounds higher than earlier estimates and 4.5 percent higher than the same period a year earlier. This adjustment pushes the estimate for 2005 to 35.5 billion pounds, an increase of 4.1 percent from the previous year.

Small increases in turkey production, along with strong export demand, have continued to provide strength for turkey prices. With only a small increase in production expected in the second half of 2005, whole bird prices are expected to remain close to those of last year. With only small increases in domestic production and strong increases in exports, per capita turkey consumption is expected to decline in 2005 to 16.6 pounds, down about 0.4 pound from 2004.

Congratulations and best wishes to Ken Nelson who has retired from ERS after 38 years of service. Many of you know Ken through his work on issues such as the evolution of the livestock and meat industry over time and aspects of competition in the industry. His work while at the University of Illinois has stood the test of time, and his analyses of economies of size in the hog industry is still regularly cited. Ken's research on meat packing, livestock cycles, meat price spreads, causes and effects of structural change, concentration, contracting, global markets, price reporting, and traceability are just a few of the topics that he covered during his time at ERS. His contributions to this newsletter were mostly behind the scenes, making sure that we were able to produce information for you from our database. We wish Ken well in his retirement, but will miss being able to call upon him to take advantage of his experience and insights. Ken plans to remain in the Washington, D.C. area for the time being, but we imagine that he'll frequently be on the road to see the grandkids and the countryside.

Beef Prices Gain Relative to Competing Meats

Cattle and beef prices strengthened as the cattle inventory reached the low point in the cattle cycle, and beef production declined. Although the cattle sector has been reducing cow slaughter and retaining heifers for the expansion phase of the new cattle cycle, beef production will not begin to expand to a large degree until mid-2007. Cow-calf operators, after suffering through drought in many areas from 1998 through 2004, are now able to expand due to improved forage conditions and continued strong prices for their calves. However, feedlot and stocker operator returns have been very erratic due to the record stocker/feeder cattle prices and difficulty in passing the higher calf prices on in the marketing system against relatively lower priced competing meats.

Herd Expansion Continues

First-half female slaughter continues to decline fairly sharply. Total cow slaughter was down 7 percent, with beef cow slaughter down 8 percent and dairy cow slaughter down 5 percent. Similarly heifer slaughter is down 7 percent compared with first-half 2004. The mid-year *Cattle* report to be released July 22, will give a firmer indication of just how strong a herd expansion is under way. In addition the report will provide the first estimate on this year's calf crop, expected to show the first year-to-year gain since 1994. The number of heifers being retained will provide a first cut on the 2006 calf crop and rate of production expansion beginning in mid-2007 when the 2006 calf crop begins to be marketed from feedlots.

Spring Choice Beef Prices Set Record

In 2001 and 2002 retail prices for Choice beef averaged \$3.35 a pound, while pork and broilers averaged \$2.68 and \$1.60 a pound, respectively. In 2004 beef prices had risen to \$4.04 a pound, while pork and poultry averaged \$2.79 and \$1.74 a pound. In the second quarter of this year beef prices averaged a record \$4.23 a pound. Pork prices averaged \$2.87 a pound and broilers averaged \$1.73 a pound. The beef/pork price ratio in 2001-2002 was 1.25, while in the second quarter it widened to 1.48. The beef/broiler price ratio has widened from 2.09 in 2001-2002 to 2.45. The near-record beef prices provide evidence of the present strong consumer demand for beef, but it also raises concern about the relatively high prices today against competing meats. In addition, higher petroleum, energy, and interest costs are taking a bigger bite out of consumers' discretionary incomes.

Second-quarter retail prices for Choice beef set a record this spring at \$4.23 a pound, up nearly 2 percent from the former record set in fourth-quarter 2003 at \$4.17 a pound and up over 3 percent from a year earlier. Beef prices have likely set the highs for the turning point of this cattle cycle as beef supplies increase seasonally in the second half of the year and as cattle under 30 months of age enter the market from Canada. Pork and broiler production are expected to rise 3 to 4 percent over year-earlier levels in the second half of 2005, putting additional pressure on the relatively more expensive beef. After averaging \$4.26 a pound in April and May, Choice retail beef prices declined to \$4.18 a pound in June, about unchanged from June 2004.

Cattle Prices Also at Record Levels

Cattle prices continued on a record setting path in the first half of this year with fed cattle prices averaging in the upper \$80s per cwt and Utility cows averaging in the upper \$50s, both the result of tight beef supplies and continued strong beef demand. First-half beef production was down over 1 percent from a year earlier and down nearly 10 percent from 2003 when the May 20 ban on Canadian beef /cattle due to Bovine Spongiform Encephalopathy (BSE) was implemented. The ban on Canadian boneless beef from cattle under 30 months of age was lifted in August 2003.

First-half prices for yearling feeder cattle were sharply above the year-earlier levels as tight supplies resulted in strong competition between cattle feeders and stocker operators. Producers in most of the country are experiencing the best grazing conditions in years. Although cattle feeders were in the black this spring, breakeven prices by mid-summer are moving toward the mid- to upper-\$80s per cwt, reflecting record feeder cattle prices and modestly higher grain prices. Fed cattle prices are expected to average in the lower \$80s this summer, putting margins in the red and taking some of the bloom off feeder cattle prices. Expected marginally larger feeder cattle supplies from this year's calf crop will also take some of the premium off stocker/feeder cattle prices.

Dairy Demand Absorbs Output Surge—So Far

Brisk late spring demand for dairy products not only absorbed a spurt in milk production but generated modest June price increases. However, strong expansion in milk production is expected to persist longer than good demand. Projected seasonal price increases during the second half are quite muted.

Milk production surged this spring, prodded by the strong returns of 2004 and early 2005. Output in May was more than 4 percent above a year earlier in the 23 major States, with gains in both cow numbers and milk per cow. The increase was less than 2 percent as recently as January.

Milk cow numbers in the 23 States have risen steadily from a February low. Compared with a year earlier, cow numbers have been fractionally higher since last autumn. Numbers in the 23 States this spring indicate that U.S. cow numbers were slightly higher than a year earlier.

The gradual increase in cow numbers imply that tight replacement heifer supplies and unfavorable Western forage prospects may not be quite as restraining as earlier thought. Farms have been able to bring new expansions slowly into production, while exits remain at low levels. Even so, the response to the strong returns remains relatively muted. Cow numbers are expected to inch higher during the rest of 2005, averaging only barely above a year earlier for all of 2005.

Milk per Cow Bounces Back

The rapid acceleration in milk production was due to a sharp recovery in milk per cow. The May milk per cow in the 23 States jumped almost 4 percent from a year earlier, compared with only a 1-percent increase in January. The key factor undoubtedly was the progressive effect of returning to near-normal availability of bovine somatotropin (BST). By May, a large share of the cow herd had calved after the loosening of the BST restrictions, and economic incentives were strong for BST use.

However, the pickup in spring milk per cow represented more than just the effects of BST. Relative prices of milk and concentrate feeds stayed conducive to heavy concentrate feeding. In addition, weather conditions were particularly favorable in many areas.

Growth in milk per cow is projected to stay brisk during the rest of 2005, although the year-to-year increase this summer may not be quite as large because of stronger output last year. Forage quality problems are a potential source of weakness because of low stocks of high quality hay, water shortages in the Northwest, and some unfavorable conditions during first cut. At this time however, forage problems do not appear likely to derail recovery in milk per cow. For all of 2005, milk per cow is projected to rise almost 3 percent on a daily average basis.

Demand Still Unsettled

Thus far, a surge in 2005's erratic demand has forestalled price weakness from this burst in milk production. Commercial use of milkfat in May rose substantially from the relatively strong showing a year earlier, with a number of products posting gains. Meanwhile, exports continue to absorb any available skim solids. Despite relatively stable, favorable economic conditions, dairy demand was brisk early in the year, weakened suddenly in March and April, and came back strongly in May. The good demand may have continued in June. Butter stocks probably are a particularly important bellwether of demand conditions under current conditions. After building very sharply in April and May, weekly butter stocks as reported by the Chicago Mercantile Exchange (CME) fell back below a year earlier in June.

Prices of both cheese and butter on the CME rose during June and remain fairly firm. In addition to the likely good final use, buyers had been relatively slow to arrange second-half supplies in the face of rising output. By June, some pipeline building had to be done. In addition, hot weather probably spurred ice cream use as well as reduced the solids content of farm milk.

Whether demand can continue to absorb likely supplies is questionable. Economic and income growth are expected to be brisk enough to sustain recent demand, but this year's experience implies that erratic demand is more likely. Second-half seasonal increases in dairy product and farm milk prices are projected to be quite modest, and prices may continue to seesaw. On the other hand, a major drop in prices does not seem likely through the end of the year. For the year, farmers are projected to receive an average price only about \$1 per cwt less than last year's record.

Quarterly Hogs and Pigs Shows Modest Breeding Increases

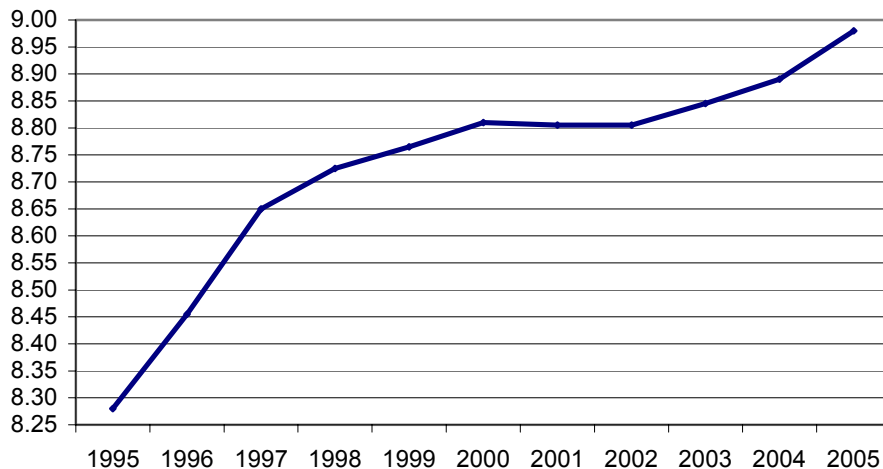
The information reported in the *Quarterly Hogs and Pigs* for June 1 suggests that the U.S. pork industry plans to increase pork production by modestly expanding breeding herd numbers. The June 1 inventory of animals kept for breeding showed a 1-percent increase over June 2004. Expansionary effects of the larger breeding herd appear to be tempered by a steady, rather than an aggressive breeding program. Second-half farrowing intentions indicate that producers intend to farrow about the same number of females in the June-November period of this year as they did in the second half of last year.

The report provides more evidence that increases in breeding herd productivity, rather than increases in breeding animal numbers alone, are an increasingly important means of expanding U.S. pork production. For all U.S. hog operations, the number of pigs per litter has increased from 8.28 in 1995, to 8.98 for the first half of 2005, an increase of more than 8 percent.

Increasingly productive breeding herds, together with heavier average dressed weights and imported Canadian feeder pigs and slaughter hogs, contribute to increases in U.S. commercial pork production, as U.S. breeding herd numbers trend lower over the long term.

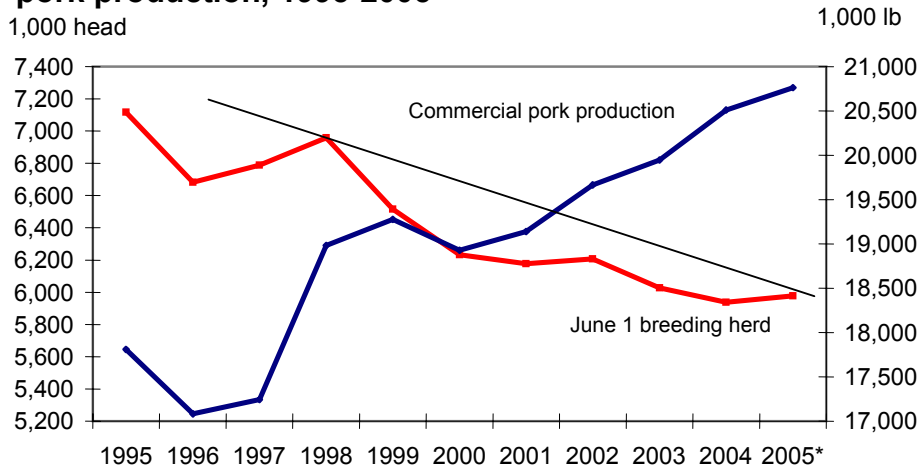
December-May pigs per litter, 1995-2005

Pigs per litter



Source: USDA/NASS.

June 1 inventory of breeding animals versus commercial pork production, 1995-2005



* USDA 2005 commercial pork production forecast is 20.8 Billion pounds.

Source: USDA/NASS.

U.S. pork production in 2005 is expected to be 20.8 billion pounds, 1.6 percent above production in 2004. Next year, production is expected to increase 1.4 percent to 21.1 billion pounds. The June price of 51-52 percent live equivalent hogs was \$49.86 per cwt, 14 percent lower than a year ago. Second-quarter prices were \$52.09 per cwt, about 5 percent lower than the second quarter last year. For 2005, hog prices are expected to range between \$47 and \$49 per cwt. Prices next year are expected to be somewhat lower, but above most producers' breakeven, ranging between \$43 and \$47 per cwt.

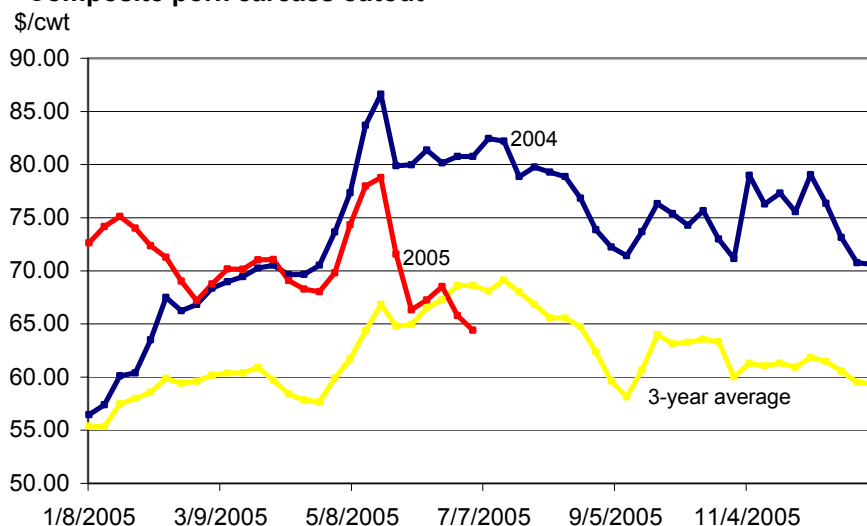
Wholesale Pork Prices Weaken; Second Quarter Retail Prices Higher

The pork carcass cutout is an estimate of the value of a 51-52 percent lean 185-pound hog carcass, based on current wholesale prices being paid for sub-primal pork cuts. The cutout provides an indication of the overall supply and demand situation of the wholesale pork cuts market. For June 2005, the weekly cutout averaged \$66.45, almost 18 percent lower than the same period last year. The lower cutout value likely reflects weaker domestic pork demand and large cold storage stocks of several pork cuts.

Although the June *Cold Storage* report

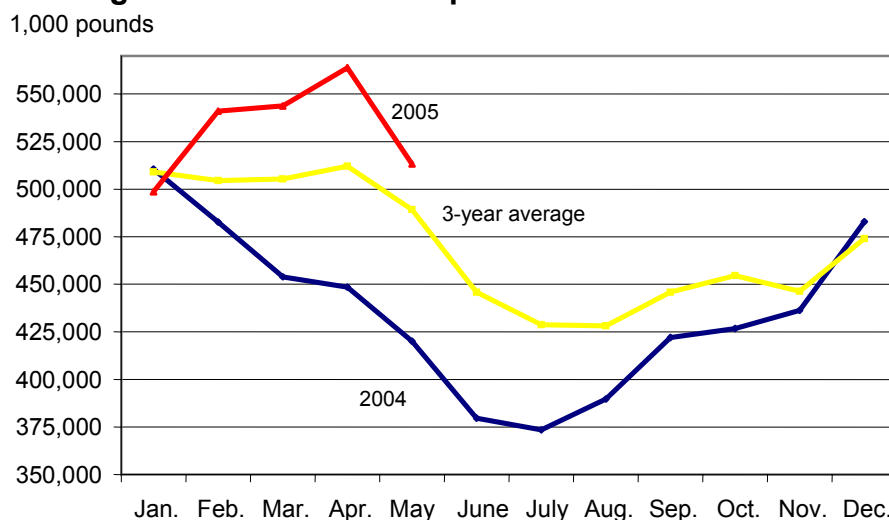
(<http://usda.mannlib.cornell.edu/reports/nassr/other/pcs-bb/2005/>), showed that stocks of pork cuts declined 9 percent from May levels, large stocks of bellies, ribs, and boneless loins held total pork stocks 24 percent higher than in June 2004. Cold stocks of pork at the end of May remained above the 3-year average level.

Composite pork carcass cutout



Source: USDA/AMS.

Ending stocks: Total frozen pork



Source: USDA/NASS.

Despite indications of wholesale pork market weakness, second-quarter retail prices for pork, at \$2.87 per pound, were 4 percent higher than the same period last year. Higher retail pork prices were likely not an indication of significant supply deficits. It is more likely that some retailers set retail pork prices in relation to beef prices. Second-quarter retail beef prices were more than 3 percent higher than a year ago.

USDA Increases Forecasts for 2005 Pork Exports, Lowers Imports

Exporters are expected to ship more than 2.6 billion pounds of U.S. pork products to foreign markets in 2005, more than 21 percent higher than exports last year. Trade restrictions on North American beef and poultry disease concerns in Asia has

created significant protein deficits. In addition to trade restrictions in Asia, the low-valued U.S. dollar, together with relatively strong economic growth rates in pork-importing countries will likely continue to make U.S. pork particularly attractive in such markets as Mexico, Romania, Russia, as well as in Asia.

On the other hand, the lower valued U.S. dollar makes imported pork products more expensive, and is likely to induce U.S. importers to buy less pork from major import suppliers in Canada and Denmark, both this year and in 2006. The United States is expected to import 980 million pounds of pork products in 2005, almost 11 percent less than in 2004. Imports should decline again in 2006, to 960 million pounds.

Mexican Antidumping Claim

An Evaluation of Mexican Antidumping Claim Against U.S. "Pork Legs"

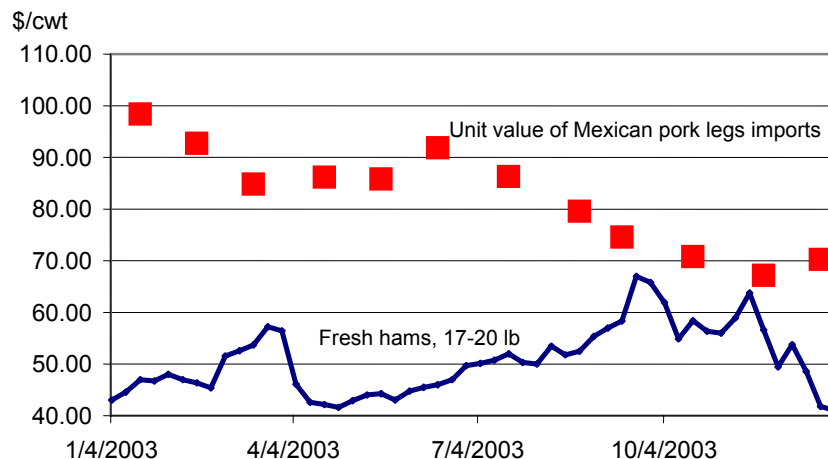
On May 31, 2004, the Mexican Secretariat of Economy (SE) announced the initiation of an official antidumping investigation against U.S. "pork legs", products classified in tariff codes 0203.12.01 and 0203.22.01. The investigation was self-initiated by SE after obtaining sufficient market information to allege damage to the domestic pork industry from pork legs exported by the United States in 2003, thus meriting a dumping investigation.

(<http://www.fas.usda.gov/gainfiles/200406/146106581.pdf>)

Dumping can be defined in two ways: selling at below production costs, and selling internationally at less than the domestic price. It is difficult to evaluate the Mexican claim with respect to the first definition because of the proprietary nature of U.S. processors' costs. However, information with respect to the value of Mexican imports of U.S. "pork legs" is available, as are U.S. prices of roughly the same pork products. Graphing the 2003 data show that the monthly value of Mexican imports of "pork legs" exceeded the domestic U.S. price of comparable pork products. The data show that U.S. "pork legs" were not dumped under the definition of selling internationally at values less than domestic prices.

For more information, contact Bill Hahn (whahn@ers.usda.gov), or Christopher Davis (chrisdavis@ers.usda.gov).

Comparison of value of Mexican imports of U.S. "pork legs" and domestic price of U.S. fresh hams, 2003



Sources: World Trade Atlas, USDA/AMS.

Broiler Meat Production Estimate for Second-Quarter Increased

U.S. broiler meat production was up 4.6 percent in the first quarter of 2005 and the revised estimate for the second quarter is now 8.88 billion pounds. This is 50 million pounds higher than earlier estimates and 4.5 percent higher than the same period a year earlier. This adjustment pushes the estimate for 2005 to 35.5 billion pounds, an increase of 4.1 percent from the previous year.

Broiler meat production in May totaled 3.0 billion pounds, up 9 percent from a year earlier. A large portion of this increase was due to May 2005 having one more slaughter day than in May 2004. The 9 percent increase in meat production was due to a combination of an increase in the number of birds slaughtered (up 6.1 percent) and an increase in the average weight of those birds at slaughter (up 2.3 percent). Preliminary data point towards an increase of 4 to 5 percent in the amount of broiler meat produced in June due again to a combination of a higher number of birds being slaughtered and a 1- to 2-percent increase in average weights.

With strong increases in broiler production over the first half of 2005, prices for most broiler products remain below the levels of a year earlier. The exception is leg quarters where a strong export market has pushed prices since mid-June over 40 cents per pound, over 10 cents higher than at the beginning of 2005. Prices for whole birds have averaged 72.3 cents per pound over the first half of 2005. This is about 5 percent lower than in the same period in 2004. Prices for breast meat products continue to be substantially lower than the very strong prices seen in the first half of 2004. In the first half of 2005, prices for boneless/skinless breast meat in the Northeast market averaged only \$1.45 per pound after averaging \$2.07 per pound in 2004.

With broiler production forecast to rise 3.7 percent over the second half of 2005, prices are only expected to slowly increase. However, prices in the second half of 2005 will strengthen in comparison to a year earlier as prices for almost all broiler products fell heavily in the second half of 2004. Prices for export-sensitive parts like leg quarters are expected to remain strong in the second half of 2005 as exports to most major markets are forecast to remain strong.

Broiler exports in May were 488 million pounds, 41 percent higher than in May 2004. Over the first 5 months of 2005, broiler shipments have totaled 2.16 million pounds, up 28 percent from the same period in 2004. Some of the increase in the quantity of broiler meat exports has been offset by somewhat lower prices especially at the beginning of the year. However, with leg quarter prices strengthening over the last few months, the value of broiler exports is expected to grow faster in the coming months. On a quantity basis, shipments of leg quarters made up 66 percent of total broiler shipments over the first 5 months of 2005. The total value of broiler exports over the first 5 months of 2005 is \$777 million, up 21 percent from the previous year. Most of the increase in broiler exports through May has come from higher shipments to Russia, Mexico, Hong Kong/China, and other major markets. One market that has shown strong growth so far in 2005 has been Cuba, with shipments totaling 110 million pounds, up 60 million (142 percent) from 2004.

With the strength in the export market so far this year, the export forecast for 2005 has been increased by 70 million pounds to 5.04 billion pounds, up almost 6 percent from 2004. The estimate for 2006 exports was also increased by 65 million pounds to 5.18 billion pounds, which would be a 3-percent increase. Most of the expansion in 2006 is expected to come from larger shipments to the current major markets (Russia, Mexico, and a number of Asian and Eastern European countries).

Turkey Production Rises in May

Domestic turkey production totaled 460 million pounds in May, up 2.5 percent from the previous year. Turkey production has now risen in 3 of the last 5 months, but so far in 2005 the overall production is just slightly above where it was in the same period in 2004. Most of the growth in turkey production over the first 5 months of 2005 has come from higher weights at slaughter as the number of birds has been down 5 percent. Turkey hatchery numbers (eggs set in incubators and pullets placed for growout) continue to point to lower production in the future. The estimate for second-quarter 2005 turkey meat production is 1.38 billion pounds, up only marginally from a year earlier.

The small increases in turkey production, along with strong export demand, have continued to provide strength for turkey prices. Prices for whole turkeys averaged 67.7 cents in the second quarter, up slightly from the previous year. With only a small increase in production expected in the second half of 2005, whole bird prices are expected to remain close to those of a year earlier for the remainder of 2005. Prices for other turkey products have not increased much, but are expected to gradually strengthen in the second half of the year.

Turkey exports totaled 48 million pounds in May, up 42 percent from the previous year. Over the first half of 2005, turkey exports are expected to total 266 million pounds, up over 50 percent from the same period in 2004, when turkey shipments were limited by restriction due to avian influenza (AI) outbreaks. Most of the growth in turkey exports has come from larger shipments to Mexico. As with broilers shipments, turkey exports to Hong Kong/China and Japan have also increased substantially without any AI related restriction on exports. With only small increases in domestic production and strong increases in exports, per capita turkey consumption is expected to decline in 2005 to 16.5 pounds, down about 0.5 pound from 2004.

Contacts and Links

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Recent Report

Market Integration of the North American Animal Products Complex, <http://www.ers.usda.gov/Publications/ldp/may05/ldpm13101/> The beef, pork, and poultry industries of Mexico, Canada, and the United States have tended to become more economically integrated over the past two decades. Sanitary barriers, which are designed to protect people and animals from diseases, are some of the most significant barriers to fuller integration of meat and animal markets.

Factors Affecting U.S. Pork Consumption, <http://www.ers.usda.gov/Publications/LDP/may05/ldpm13001/> presents the results of an analysis of the most recent data from USDA's Continuing Survey of Food Intakes by Individuals to determine the factors affecting fresh and processed pork product consumption

Related Websites

Animal Production and Marketing Issues, <http://www.ers.usda.gov/briefing/AnimalProducts/>
Cattle, <http://www.ers.usda.gov/briefing/cattle/>
Dairy, <http://www.ers.usda.gov/briefing/dairy/>
Hogs, <http://www.ers.usda.gov/briefing/hogs/>
Poultry and Eggs, <http://www.ers.usda.gov/briefing/poultry/>
WASDE, <http://www.usda.gov/oce/waob/wasde/wasde.htm>

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Red meat and poultry forecasts

	2001	2002	2003	2004	2005								2006			
	Annual	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Production, million lb																
Beef	26,107	27,090	26,238	5,838	6,253	6,360	6,097	24,548	5,727	6,195	6,875	6,400	25,197	5,950	6,775	25,975
Pork	19,138	19,664	19,945	5,130	4,897	5,047	5,435	20,509	5,136	5,025	5,100	5,575	20,836	5,200	5,075	21,125
Lamb and mutton	223	219	199	53	46	46	50	195	49	46	46	52	193	50	52	201
Broilers	31,266	32,240	32,749	8,195	8,492	8,839	8,537	34,063	8,571	8,875	9,175	8,850	35,471	8,825	9,125	36,525
Turkeys	5,562	5,713	5,650	1,309	1,366	1,390	1,389	5,454	1,320	1,375	1,375	1,400	5,470	1,310	1,390	5,535
Total red meat & poultry	83,006	85,669	85,476	20,687	21,220	21,858	21,676	85,441	20,964	21,680	22,754	22,454	87,852	21,504	22,599	90,081
Table eggs, mil. doz.	6,078	6,190	6,207	1,556	1,574	1,598	1,637	6,365	1,585	1,580	1,600	1,640	6,405	1,600	1,625	6,540
Per capita consumption, retail lb 1/																
Beef	66.2	67.6	64.9	16.0	16.9	16.9	16.3	66.1	15.6	16.7	17.9	16.8	67.0	15.9	17.7	68.2
Pork	50.2	51.5	51.8	13.0	12.2	12.7	13.4	51.3	12.3	12.2	12.5	13.2	50.2	12.3	12.1	50.1
Lamb and mutton	1.1	1.2	1.2	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.2	0.3	0.3	1.2
Broilers	76.6	80.5	81.6	20.8	21.2	21.9	20.4	84.3	21.3	21.8	22.7	21.5	87.3	21.5	22.3	88.8
Turkeys	17.5	17.7	17.4	3.6	4.0	4.5	5.0	17.1	3.5	3.8	4.0	5.2	16.5	3.3	3.7	16.3
Total red meat & poultry	213.6	220.5	218.9	54.1	54.8	56.6	55.9	221.4	53.5	55.1	57.8	57.4	223.8	53.8	56.6	226.3
Eggs, number	252.7	255.5	254.7	63.7	63.9	64.1	65.5	257.2	63.5	62.9	63.1	64.8	254.3	62.8	63.7	256.2
Market prices																
Choice steers, Neb., \$/cwt	72.71	67.04	84.69	82.16	88.15	83.58	85.09	84.75	89.09	88	80-84	81-87	85-87	74-80	76-82	76-82
Feeder steers, Ok City, \$/cwt	88.20	80.04	89.85	87.98	104.58	116.27	110.19	104.76	104.05	113	103-107	91-97	103-105	89-95	91-97	92-98
Boning utility cows, S. Falls, \$/cwt	44.39	39.23	46.62	47.50	54.86	56.25	50.78	52.35	54.18	59.80	56-58	52-54	55-57	52-56	53-57	52-56
Choice slaughter lambs, San Angelo, \$/cwt	72.04	72.31	91.98	100.62	97.06	93.62	95.44	96.69	106.10	99	96-100	95-101	99-101	97-103	94-100	95-101
Barrows & gilts, N. base, i.e. \$/cwt	45.81	34.92	39.45	44.18	54.91	56.58	54.35	52.51	51.92	52	46-48	40-42	47-49	44-48	46-50	43-47
Broilers, 12 City, cents/lb	59.10	55.60	62.00	73.20	79.30	75.70	68.30	74.10	71.90	72.6	73-75	71-77	72-74	70-76	71-77	71-77
Turkeys, Eastern, cents/lb	66.30	64.50	62.10	62.10	66.60	73.10	77.10	69.70	65.90	67.70	71-73	74-80	70-72	60-66	63-69	66-71
Eggs, New York, cents/doz.	67.20	67.10	87.90	114.90	79.70	66.20	68.00	82.20	64.50	55.90	61-63	65-69	61-63	62-68	60-64	63-68
U.S. trade, million lb																
Beef & veal exports	2,269	2,447	2,518	36	120	138	167	461	130	165	175	145	615	140	170	640
Beef & veal imports	3,164	3,218	3,006	873	929	940	937	3,679	831	1,010	960	900	3,701	900	990	3,740
Lamb and mutton imports	146	162	168	62	47	34	38	181	41	49	42	45	177	44	47	175
Pork exports	1,560	1,611	1,717	523	546	486	624	2,179	630	675	610	730	2,645	665	690	2,745
Pork imports	951	1,070	1,185	275	265	291	268	1,099	245	240	250	245	980	240	235	960
Live swine imports	5,338	5,741	7,438	2,210	2,024	2,196	2,075	8,505	1,894	1,900	2,100	2,100	7,994	2,200	2,200	8,800
Broiler exports	5,555	4,807	4,920	1,024	1,008	1,250	1,486	4,768	1,199	1,235	1,255	1,350	5,039	1,225	1,250	5,175
Turkey exports	487	439	484	83	93	134	133	443	126	140	130	140	536	125	130	535

1/ Per capita meat and egg consumption data are revised, incorporating a new population series from the Commerce Department's Bureau of Economic Analysis based on the 2000 Census.

Source: World Agricultural Supply and Demand Estimates and Supporting Materials.

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Economic Indicator Forecasts

	2004				2005					2006		
	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
GDP, chain wtd (bil. 2000 dol.)	10,778	10,883	10,976	10,842	11,078	11,160	11,257	11,352	11,212	11,443	11,538	11,588
CPI-U, annual rate (pct.)	4.7	1.9	3.4	3.4	2.4	3.3	2.3	2.4	2.6	2.4	2.4	2.5
Unemployment (pct.)	5.6	5.4	5.4	5.5	5.3	5.2	5.2	5.1	5.2	5.1	5.1	5.1
Interest (pct.)												
3-month Treasury bill	1.1	1.5	2.0	1.4	2.5	3.0	3.4	3.8	3.2	4.0	4.1	4.1
10-year Treasury bond yield	4.6	4.3	4.2	4.3	4.3	4.4	4.6	4.9	4.6	5.1	5.2	5.2

Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, May 2005.

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Dairy Forecasts

	2004				2005					2006		
	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thous.)	9,001	9,027	9,019	9,010	8,995	9,020	9,025	9,050	9,025	9,035	9,040	9,055
Milk per cow (pounds)	4,869	4,679	4,655	18,958	4,805	5,020	4,795	4,795	19,415	4,940	5,115	19,800
Milk production (bil. pounds)	43.8	42.2	42.0	170.8	43.2	45.3	43.3	43.4	175.2	44.6	46.2	179.3
Farm use	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.1	0.3	0.3	1.1
Milk marketings	43.5	42.0	41.7	169.7	42.9	45.0	43.0	43.1	174.1	44.4	46.0	178.2
Milkfat (bil. pounds milk equiv.)												
Milk marketings	43.5	42.0	41.7	169.7	42.9	45.0	43.0	43.1	174.1	44.4	46.0	178.2
Beginning commercial stocks	10.1	11.6	9.9	8.3	7.2	9.4	11.5	10.2	7.2	8.0	9.9	8.0
Imports	1.8	1.0	1.3	5.3	1.3	1.2	1.2	1.3	5.1	1.2	1.2	4.9
Total supply	55.4	54.6	52.9	183.3	51.4	55.7	55.7	54.6	186.3	53.6	57.1	191.1
Ending commercial stocks	11.6	9.9	7.2	7.2	9.4	11.5	10.2	8.0	8.0	9.9	11.6	7.9
Net removals	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Commercial use	43.8	44.6	45.7	176.2	42.0	44.2	45.5	46.6	178.3	43.7	45.5	183.1
Skim solids (bil. pounds milk equiv.)												
Milk marketings	43.5	42.0	41.7	169.7	42.9	45.0	43.0	43.1	174.1	44.4	46.0	178.2
Beginning commercial stocks	8.5	10.1	9.5	8.5	8.2	8.4	9.9	9.3	8.2	8.4	8.8	8.4
Imports	1.5	1.1	1.3	4.8	1.2	1.3	1.1	1.4	5.0	1.0	1.3	4.8
Total supply	53.5	53.2	52.5	183.0	52.3	54.7	54.0	53.8	187.2	53.8	56.0	191.4
Ending commercial stocks	10.1	9.5	8.2	8.2	8.4	9.9	9.3	8.4	8.4	8.8	10.0	8.2
Net removals	0.1	0.4	0.0	1.3	-0.4	-0.4	-0.3	0.0	-1.0	0.1	0.2	1.0
Commercial use	43.2	43.3	44.3	173.5	44.3	45.1	45.0	45.4	179.8	44.9	45.8	182.2
Milk prices (dol./cwt) 1/												
All milk	18.53	15.50	16.07	16.05	15.67	14.87	14.60	14.40	14.85	13.50	12.40	12.90
							-15.00	-15.10	-15.15	-14.50	-13.40	-13.90
Class III	19.31	14.54	15.06	15.39	14.31	14.10	13.65	12.75	13.70	11.85	11.35	11.60
							-14.05	-13.45	-14.00	-12.85	-12.35	-12.60
Class IV	14.26	12.92	13.19	13.20	12.64	12.40	12.50	11.90	12.30	11.35	10.85	11.10
							-13.00	-12.70	-12.70	-12.45	-11.95	-12.20
Product prices (dol./pound) 2/												
Cheddar cheese	2.007	1.558	1.610	1.643	1.531	1.507	1.460	1.385	1.470	1.310	1.280	1.300
							-1.500	-1.455	-1.500	-1.410	-1.380	-1.400
Dry whey	0.283	0.234	0.235	0.232	0.248	0.263	0.245	0.220	0.240	0.195	0.170	0.175
							-0.265	-0.250	-0.260	-0.225	-0.200	-0.205
Butter	2.089	1.722	1.778	1.824	1.570	1.459	1.510	1.405	1.475	1.315	1.240	1.280
							-1.580	-1.505	-1.535	-1.445	-1.370	-1.410
Nonfat dry milk	0.835	0.858	0.862	0.841	0.899	0.923	0.905	0.890	0.900	0.870	0.850	0.860
							-0.945	-0.950	-0.930	-0.940	-0.920	-0.930

1/ Simple averages of monthly prices. May not match reported annual averages.

2/ Simple averages of monthly prices calculated by the Agricultural Marketing Service for use in class price formulas. "Based on weekly "Dairy Product Prices", National Agricultural Statistics Service. Details may be found at http://www.ams.usda.gov/dyfmoms/mib/fedordprc_dscrp.htm

Source: World Agricultural Supply and Demand Estimates and supporting materials.

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